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# Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 DODE-00 INR-07 NSAE-00
PA-02 PRS-01 SP-02 L-03 EB-07 COME-00 TRSE-00
INT-05 FEA-01 OES-07 /048 W
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R 160725Z JUN 77
FM AMEMBASSY BUCHAREST
TO USIA WASHDC
INFO SECSTATE WASHDC 3870

UNCLAS BUCHAREST 4462

USIA FOR IOP, IBS/ROMANIAN SERVICE AND IEU

E.O. 11652: N/A
TAGS: SCUL, RO
SUBJECT: SUGGESTION FOR VOA COVERAGE

1. FOLLOWING PRESS RELEASE ISSUED BY CARL BLUMAY ASSOCIATES, LOS ANGELES, TEL (213) 27-;7225, 986-5958 ON BEHALF OF OCCIDENTAL PETROLEUM CORPORATION:

"ROMANIAN AND OCCIDENT PETROLEUM CORPORATION TODAY ANNOUNCED THE SIGNING OF AN AGREEMENT WITH THE POTENTIAL OF JOINT VENTURES IN SECONDARY RECOVERY OF ONSHORE OIL, OFFSHORE DRILLING, EXPLORATION AND EXPLOITATION, SHALE OIL RECOVERY, COAL GASIFICATION AND LIQUIDFACTION, CHEMICAL AND PLASTIC VENTURES AND FERTILIZER EXCHANGE WHICH WOULD POSSIBLY INVOLVE THIRD COUNTRIES.

THE ANNOUNCEMENT WAS MADE CONCURRENTLY WITH THE SIGNING IN BUCHAREST OF A DEFINITIVE COAL CONTRACT BETWEEN ROMANIA AND ISLAND CREEK COAL COMPANY, AN OCCIDENTAL SUBSIDIARY, PROVIDING FOR ADVANCE PAYMENT FOR 14 MILLION TONS OF COAL BY ROMANIA. THE CONTRACT IS SUBJECT TO THE APPROVAL OF
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THE GOVERNING BOARD OF BOTH PARTIES AND THE RECEIPT OF U.S. TAX RULINGS. IN CONNECTION WITH THE CONTRACT, ISLAND CREEK WILL BE DEVELOPING A METALLURGICAL MINE IN BUCHANAN COUNTY IN SOUTHWESTERN VIRGINIA.

THE WIDE-RANGING AGREEMENT RESULTED FROM AN UNDERSTANDING BETWEEN OCCIDENTAL'S CHAIRMAN, DR ARMAND HAMMER, AND THE

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ROMANIAN PRESIDENT, NICOLAE CEAUSESCU, DURING A MEETING
AT THE LATTER'S BLACK SEA VILLA ON MAY 27TH, AT WHICH TIME
CONCURRENCE WAS ALSO REACHED ON THE COAL SALE FINALIZED
TODAY.

THE DEFINITIVE CONTRACT FOR THE COAL TRANSACTION - WHICH
COULD ULTIMATELY TOTAL 2 BILLION DOLLARS - AS SIGNED BY
FORMER SENATOR ALBERT GORE, CHAIRMAN OF ISLAND CREEK,
ITS PRESIDENT, STONIE BARKER, JR, AND CORNELIU ILIESCU,
AND DORIN DINESCU FOR MINERAL IMPORTEXPORT, A ROMANIAN

FOREIGN TRADE ENTERPRISE.

UNDER ITS TERMS, ROMANIA WILL PROVIDE AN ADVANCE CASH
PAYMENT
OF 53 MILLION DOLLARS TOWARD THE PURCHASE PRICE.
ADDITIONAL ADVANCE PAYMENTS WILL FOLLOW. ROMANIAN RECEIVES
THE RIGHT TO AN ANTICIPATED 14 MILLION TONS OF METALLURGICAL
COAL AT COST AND HAS THE OPTION OF PURCHASING AN ADDITIONAL
400,000 TONS ANNUALLY AT PREVAILING MARKET PRICES OVER
THE NEXT 30 TO 40 YEARS.

THE MINE IS EXPECTED TO HAVE AN OUTPUT OF 40 MILLION
TONS OR MORE. UNDER THE CONTRACT, FIRST DELIVERY TO
ROMANIA IS SCHEDULED FOR 1980. ABOUT 500 NEW JOBS
WILL BE CREATED IN SOUTHWESTERN VIRGINIA.

"THE COMBINATION OF THESE TWO TRANSACTIONS - CASH-
ADVANCED PAYMENTS FOR METALLURGICAL COAL AND SO MANY
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OTHER POSSIBLE NEW VENTURES, MARKS ANOTHER MILESTONE
IN EAST-WEST TRADE", DR HAMMER SAID IN LOS ANGELES.
"WE HAVE HOPES OF MUCH WIDER ECONOMIC RELATIONSHIP
WHICH WILL BENEFIT BOTH THE UNITED STATES AND ROMANIA.
UNDER THE TECHNICAL COOPERATION SEGMENT OF THE AGREEMENT
SIGNED IN BUCHAREST TODAY, THE PARTIES AGREED TO
EXCHANGE SPECIALISTS TO EXAMINE THE USE OF OCCIDENTAL
TECHNOLOGIES IN SECONDARY RECOVERY OF OIL AND POSSIBLE
JOINT PROJECTS IN THIRD COUNTRIES, TO EXCHANGE VISITS
TO STUDY OFFSHORE DRILLING IN THE BLACK SEA AND OCCIDENTAL'S
SUCCESSFUL NORTH SEA OPERATIONS, TO EXAMINE THE APPLICATION
OF OCCIDENTAL'S IN-SITE OIL SHALE PROCESS IN ROMANIA,
AND TO CONSIDER OCCIDENTAL'S COAL LIQUEFACTION AND
GASIFICATION TECHNOLOGIES FOR USE IN ROMANIAN, AND NUMEROUS
OCCIDENTAL CHEMICAL TECHNOLOGIES.

UNDER THE JOINT INVESTMENTS IN MANUFACTURING AND DIS-
TRIBUTION SECTION, THE PARTIES WILL CONSIDER MANUFACTURE
IN ROMANIA OF PLASTIC PRODUCTS AND OTHER CHEMICAL PROCESSES

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OF MUTUAL INTEREST AND THE MANUFACTURE AND DISTRIBUTION OF PHOSPHORIC ACID IN THIRD COUNTRIES IN WHICH ROMANIAN ORGANIZATIONS WON RIGHTS OF EXPLOITATION OF PHOSPHATE ROCK.

SPECIALISTS WILL BE EXCHANGED IN THE VARIOUS FIELDS BEGINNING OVER THE NEXT 30 TO 40 DAY."

2. AS THIS IS ONE OF EAST-WEST TRADE DEALS WITH LARGEST POTENTIAL EVER AND PROBABLY MOST IMPORTANT U.S. - ROMANIAN DEAL TO DATE, SUGGEST VOA ATTEMPT FURTHER BACKGROUNDERS, POSSIBLE INTERVIEWS WITH DR HAMMER OR FORMER SENATOR GORE, FOR ROMANIAN SERVICE AND POSSIBLE CROSSFILING WITH OTHER EE LANGUAGES SERVICES. WOULD APPRECIATE BEING ADVISED IF SUGGESTIONS UTILIZIED BARNES

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# Message Attributes

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**To:** USIA
**Type:** TE
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